



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**American Pecan Council**

**Compiled Financial Statements**

**For the One Month and Nine Months Ended June 30, 2018**

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**ARMSTRONG, BACKUS & CO., LLP**  
Certified Public Accountants

To the Board of Directors of  
American Pecan Council

**ACCOUNTANTS' COMPILATION REPORT**

Management is responsible for the accompanying financial statements of American Pecan Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 and the related statements of activities, statements of functional expenses, and cash flows for the one month and nine months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

**Supplementary Information**

The supplementary information included in the operating budget for the one month and nine months ended June 30, 2018 and the year ended September 30, 2018 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to the American Pecan Council.

*Armstrong, Backus & Co., L.L.P.*

San Angelo, Texas  
July 13, 2018

An independently owned member  
RSM US Alliance



**AMERICAN PECAN COUNCIL**  
**Statement of Financial Position**

**As of June 30, 2018**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	9,097,978
Accounts Receivable		538
		<hr/>
Total Current Assets	\$	9,098,516
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**Fixed Assets:**

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(	5,816)
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Total Fixed Assets	\$	41,473
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**Other Assets:**

Security Deposit	\$	2,400
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Total Other Assets	\$	2,400
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<b>TOTAL ASSETS</b>	\$	9,142,389
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$	23,624
Payroll Tax Payable		84
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Total Current Liabilities	\$	23,708
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Total Liabilities	\$	23,708
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**Net Assets:**

Without Donor Restriction	\$	9,118,681
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Total Net Assets	\$	9,118,681
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$	9,142,389
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See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Activities**

**For the One Month Ended June 30, 2018**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Revenue:</b>			
Assessment Income	\$ 578,524	\$ -0-	\$ 578,524
Total Revenue	\$ 578,524	\$ -0-	\$ 578,524
<b>Expenses:</b>			
Program Expenses	\$ 798,216	\$ -0-	\$ 798,216
Management and General	58,240	-0-	58,240
Total Expenses	\$ 856,456	\$ -0-	\$ 856,456
Change in Net Assets	(\$ 277,932)	\$ -0-	(\$ 277,932)
Net Assets, Beginning	9,396,613	-0-	9,396,613
Net Assets, Ending	\$ 9,118,681	\$ -0-	\$ 9,118,681

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the One Month Ended June 30, 2018**

	<b><u>Program Expense</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
APC Expenses	\$ -0-	\$ 8,461	\$ 8,461
Capital Items	-0-	440	440
Compliance	-0-	4,097	4,097
Depreciation Expense	-0-	788	788
General and Administrative	-0-	44,406	44,406
Industry Communication and Database Management	-0-	48	48
Marketing	608,216	-0-	608,216
Research	190,000	-0-	190,000
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Total Expenses	\$ 798,216	\$ 58,240	\$ 856,456

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Activities**

**For the Nine Months Ended June 30, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue:</b>			
Assessment Income	\$ 9,884,173	\$ -0-	\$ 9,884,173
Donations	5	-0-	5
Interest Earned	43,433	-0-	43,433
Other Income	1,543	-0-	1,543
Total Revenue	<u>\$ 9,929,154</u>	<u>\$ -0-</u>	<u>\$ 9,929,154</u>
<b>Expenses:</b>			
Program Expense	\$ 3,553,678	\$ -0-	\$ 3,553,678
Management and General	595,734	-0-	595,734
Total Expenses	<u>\$ 4,149,412</u>	<u>\$ -0-</u>	<u>\$ 4,149,412</u>
Change in Net Assets	<u>\$ 5,779,742</u>	<u>\$ -0-</u>	<u>\$ 5,779,742</u>
Net Assets, as Previously Stated	\$ 4,288,245	\$ -0-	\$ 4,288,245
Prior Period Adjustment	( 949,306)	\$ -0-	( 949,306)
Net Assets, as Restated	<u>\$ 3,338,939</u>	<u>\$ -0-</u>	<u>\$ 3,338,939</u>
Net Assets, Ending	<u>\$ 9,118,681</u>	<u>\$ -0-</u>	<u>\$ 9,118,681</u>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the Nine Months Ended June 30, 2018**

	<b><u>Program Expenses</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
APC Expenses	\$ -0-	\$ 128,548	\$ 128,548
Capital Items	-0-	15,252	15,252
Compliance	-0-	2,480	2,480
Depreciation Expense	-0-	5,677	5,677
Data and Statistics	-0-	2,423	2,423
General and Administrative	-0-	440,941	440,941
Industry Communication and Database Management	-0-	413	413
Marketing	3,363,678	-0-	3,363,678
Research	190,000	-0-	190,000
	<b><u>\$ 3,553,678</u></b>	<b><u>\$ 595,734</u></b>	<b><u>\$ 4,149,412</u></b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statements of Cash Flows

For the One Month and Nine Months Ended June, 2018

	<u>One Month</u>	<u>Nine Months</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 577,986	\$ 9,883,635
Cash Received from Donors	-0-	5
Cash Received from Interest Earned	-0-	43,433
Cash Paid for Salary and Benefits	( 31,292)	( 72,128)
Cash Paid for Operating Expenses	( 816,032)	( 5,817,594)
	<u>(\$ 269,338)</u>	<u>\$ 4,037,351</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of Property, Plant, and Equipment	(\$ 1,616)	(\$ 43,143)
	<u>(\$ 1,616)</u>	<u>(\$ 43,143)</u>
Net Increase (Decrease) in Cash	(\$ 270,954)	\$ 3,994,208
Cash, Beginning of Period	<u>9,368,932</u>	<u>5,103,770</u>
Cash, End of Period	<u>\$ 9,097,978</u>	<u>\$ 9,097,978</u>
<b>Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:</b>		
Increase (Decrease) in Net Assets	(\$ 277,932)	\$ 5,779,742
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	5,677
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	( 538)	( 538)
(Increase) Decrease in Security Deposit	-0-	( 400)
Increase (Decrease) in Accounts Payable	9,982	( 1,747,214)
Increase (Decrease) in Payroll Tax Payable	( 1,638)	84
	<u>(\$ 269,338)</u>	<u>\$ 4,037,351</u>

See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Nine Months Ended June 30, 2018  
and the Year Ended September 30, 2018**

	One Month Ended June 30, 2018		Nine Months Ended June 30, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Revenue:</b>					
2016 Assessment Income - Carry Over	\$ 162,664	\$ 333,333	\$ 2,330,529	\$ 3,000,000	\$ 4,000,000
2017 Assessment Income	415,860	522,667	7,553,644	4,704,000	6,272,000
Donations	-0-	-0-	5	-0-	-0-
Interest Earned	-0-	3,917	43,433	35,250	47,000
Other Income	-0-	250	1,543	2,250	3,000
<b>Total Revenue</b>	<b>\$ 578,524</b>	<b>\$ 860,167</b>	<b>\$ 9,929,154</b>	<b>\$ 7,741,500</b>	<b>\$ 10,322,000</b>
<b>Expenses:</b>					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ 16,618	\$ 28,750	\$ 99,710	\$ 258,750	\$ 345,000
Employee Benefits	-0-	3,333	-0-	30,000	40,000
Payroll Taxes	1,271	2,500	8,198	22,500	30,000
Professional Services and Fees	5,866	3,750	21,720	33,750	45,000
Staff Travel	1,300	3,750	23,740	33,750	45,000
Accounting Services	2,650	3,333	21,091	30,000	40,000
Rent and Utilities	-0-	2,917	21,757	26,250	35,000
Contract Labor	5,051	1,083	110,915	9,750	13,000
Telephone/Internet/Mobile	399	833	3,564	7,500	10,000
Office Expenses General	804	542	7,461	4,875	6,500
Subscriptions/Conference Registrations/Dues	209	417	766	3,750	5,000
Fidelity Bond Insurance	-0-	333	1,884	3,000	4,000
Maintenance/Repairs	32	292	32	2,625	3,500
Executive Search Firm Fees	10,206	10,417	119,433	93,750	125,000
Depreciation Expense	788	-0-	5,677	-0-	-0-
Miscellaneous	-0-	167	670	1,500	2,000
<b>Total General and Administrative</b>	<b>\$ 45,194</b>	<b>\$ 62,417</b>	<b>\$ 446,618</b>	<b>\$ 561,750</b>	<b>\$ 749,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Nine Months Ended June 30, 2018  
and the Year Ended September 30, 2018**

	One Month Ended June 30, 2018		Nine Months Ended June 30, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>APC Expenses:</b>					
Council Travel	\$ 6,602	\$ 13,333	\$ 71,665	\$ 120,000	\$ 160,000
Meetings Expenses	-0-	2,917	35,861	26,250	35,000
Working Group and Committee Expense	1,859	2,000	20,963	18,000	24,000
D&O Insurance	-0-	250	59	2,250	3,000
Economic Demand Study	-0-	2,083	-0-	18,750	25,000
<b>Total APC Expenses</b>	<b>\$ 8,461</b>	<b>\$ 20,583</b>	<b>\$ 128,548</b>	<b>\$ 185,250</b>	<b>\$ 247,000</b>
<b>Compliance:</b>					
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ -0-	\$ 76,500	\$ 102,000
Compliance Travel	883	4,583	7,760	41,250	55,000
GAGAS Audit	3,200	2,500	-0-	22,500	30,000
Records and Accounting	-0-	833	3,575	7,500	10,000
Printing/Forms/Postage	14	417	3,917	3,750	5,000
<b>Total Compliance</b>	<b>\$ 4,097</b>	<b>\$ 16,833</b>	<b>\$ 15,252</b>	<b>\$ 151,500</b>	<b>\$ 202,000</b>
<b>Data and Statistics:</b>					
NASS Crop Estimates	\$ -0-	\$ 11,250	\$ -0-	\$ 101,250	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	2,423	168,750	225,000
<b>Total Data and Statistics</b>	<b>\$ -0-</b>	<b>\$ 30,000</b>	<b>\$ 2,423</b>	<b>\$ 270,000</b>	<b>\$ 360,000</b>
<b>Industry Communication and Database Management:</b>					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 31,500	\$ 42,000
Database Program/Website Management/Website Maintenance	48	1,667	413	15,000	20,000
<b>Total Industry Communication and Database Management</b>	<b>\$ 48</b>	<b>\$ 5,167</b>	<b>\$ 413</b>	<b>\$ 46,500</b>	<b>\$ 62,000</b>
<b>Total Administrative and Program Support</b>	<b>\$ 57,800</b>	<b>\$ 135,000</b>	<b>\$ 593,254</b>	<b>\$ 1,215,000</b>	<b>\$ 1,620,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

### For the One Month and Nine Months Ended June 30, 2018 and the Year Ended September 30, 2018

	One Month Ended June 30, 2018		Nine Months Ended June 30, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Capital Items:					
Computer/Phone Systems/Furniture/Build-out	\$ 440	\$ 3,333	\$ 2,480	\$ 30,000	\$ 40,000
Total Capital Items	\$ 440	\$ 3,333	\$ 2,480	\$ 30,000	\$ 40,000
Research and Marketing:					
Research:					
Funding Request	\$ 190,000	\$ 31,250	\$ 190,000	\$ 281,250	\$ 375,000
Total Research	\$ 190,000	\$ 31,250	\$ 190,000	\$ 281,250	\$ 375,000
Marketing:					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ 1,216,732	\$ 723,000	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	399,446	416,667	1,174,472	3,750,000	5,000,000
Unallocated or Available for Carry Over into 2019	205,104	98,000	456,901	882,000	1,176,000
International Marketing	-0-	41,667	500,000	375,000	500,000
Database Portal Development Website	-0-	3,750	-0-	33,750	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	31,500	42,000
Printing and Design/Other	3,666	2,500	3,665	22,500	30,000
Immersion Tours	-0-	2,500	11,908	22,500	30,000
Total Marketing	\$ 608,216	\$ 648,917	\$ 3,363,678	\$ 5,840,250	\$ 7,787,000
Total Research and Marketing	\$ 798,216	\$ 680,167	\$ 3,553,678	\$ 6,121,500	\$ 8,162,000
<b>Total Expenses</b>	<b>\$ 856,456</b>	<b>\$ 818,500</b>	<b>\$ 4,149,412</b>	<b>\$ 7,366,500</b>	<b>\$ 9,822,000</b>
<b>Change in Net Assets</b>	<b>(\$ 277,932)</b>	<b>\$ 41,667</b>	<b>\$ 5,779,742</b>	<b>\$ 375,000</b>	<b>\$ 500,000</b>

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